United Nations A/69/838*

General Assembly

Distr.: General
10 April 2015

Original: English

Sixty-ninth session
Agenda items 130 and 148

Financial reports and audited financial statements, and reports of the Board of Auditors

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations and report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2014

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2014 (A/69/5 (Vol. II)). During its consideration of the report, the Advisory Committee met with the members of the Audit Operations Committee of the Board of Auditors, who provided additional information and clarification, concluding with written responses received on 16 March 2015. The Committee also discussed the Board's findings with the representatives of the Secretary-General in the context of the related report of the Secretary-General on the implementation of the recommendations of the Board of Auditors (A/69/781). The representatives provided additional information and clarification, concluding with written responses received on 2 March 2015.

2. The Advisory Committee makes comments and recommendations on general and cross-cutting issues related to the findings of the Board of Auditors in section II below. Where relevant, the Committee will make further references regarding the

* Reissued for technical reasons on 17 April 2015.

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Board's recommendations on specific peacekeeping operations in the context of its reports on the budget submissions of the missions concerned as well as in its report on cross-cutting issues related to peacekeeping operations. The Committee will provide its views on the Board's findings on information and communications technology resources in peacekeeping operations in its report on cross-cutting issues, and will provide its views on the Board's findings on the implementation of the global field support strategy in an addendum to that report.

II. Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2014

A. Scope of the audit

3. The Board audited the financial statements of the United Nations peacekeeping operations prepared in accordance with the International Public Sector Accounting Standards (IPSAS), which comprise the statement of financial position as at 30 June 2014 (statement I), the statements of financial performance (statement II), changes in net assets (statement III), cash flows (statement IV) and comparison of budget and actual amounts (statement V) for the year ended 30 June 2014, and the notes and annexes to the financial statements. The Board states that it conducted the audit in conformity with the International Standards on Auditing and issued its report in accordance with article VII of the Financial Regulations and Rules of the United Nations.

4. The Board reviewed the peacekeeping accounts and operations of United Nations Headquarters, 15 field missions,[1] 31 completed missions[2] and the four special-purpose accounts, namely, the Peacekeeping Reserve Fund, the support account for peacekeeping operations, the United Nations Logistics Base at Brindisi, Italy (UNLB), and the Employee Benefits Funds. The Board could not undertake the planned field audits of the United Nations Mission in Liberia, owing to the travel restrictions imposed in Liberia as a result of the outbreak of Ebola, and of the United Nations Disengagement Observer Force (UNDOF), owing to security considerations in its area of operations. With regard to those two peacekeeping missions, the Board employed alternative audit procedures to obtain reasonable assurance that the financial statements as a whole were free from material misstatement (see A/69/5 (Vol. II), chap. II, summary).

[1] As indicated in annex I to A/69/5 (Vol. II), the field audit of the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (established in April 2014) will be conducted as from the financial year 2014/15. The expenditure incurred on the Mission in 2013/14, included in the financial statements, was audited as part of the Board's financial audit.

[2] The Board refers to these as "closed peacekeeping operations" and provides a list of them in annex I to its report. The list includes the United Nations Emergency Force, the United Nations Operation in the Congo, the United Nations Mission in the Central African Republic and Chad, the United Nations Mission in the Sudan, the United Nations Supervision Mission in the Syrian Arab Republic and the United Nations Integrated Mission in Timor-Leste, in addition to the 25 peacekeeping missions closed as at 30 June 2014 and identified in the report of the Secretary-General on the updated financial position of closed peacekeeping missions as at 30 June 2014 (A/69/659).

B. Audit opinion

5. In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of United Nations peacekeeping operations as at 30 June 2014 and the results of operations and cash flows for the year then ended, and have been properly prepared in accordance with IPSAS.

C. General observations

6. The Board's report contains 63 recommendations, of which 22 are characterized as main recommendations for the financial period 2013/14, compared with the total of 49 recommendations that included 13 main recommendations for the financial period 2012/13.

7. **The Advisory Committee commends the Board of Auditors for the quality of its report and welcomes the review initiated by the Board of two specific areas of peacekeeping operations at the request of the Committee, namely, travel management and information and communications technology resources.**

Financial overview

8. The Board confirms that overall, the peacekeeping operations remain financially stable, with sufficient cash resources to sustain core operations. As noted in paragraph 13 of chapter II of the Board's report, as at 30 June 2014, peacekeeping operations had an asset base of $4.85 billion (current assets were valued at $2.47 billion) and total liabilities of $3.89 billion, indicating a comfortable assets-to-liabilities ratio of 1.25. The Board explains that this is mainly because property, plant and equipment[3] and inventory are included in assets under IPSAS. The Board notes that, if property, plant and equipment and inventory of $1.74 billion are excluded from total assets, the value of the remaining assets was $3.10 billion, which, against total liabilities of $3.89 billion, provides an assets-to-liabilities ratio of 0.80. At the request of the Advisory Committee, the Board provided the financial ratios for peacekeeping operations as at 30 June 2014, reflected in the table below.

(Percentage)

Total assets: total liabilities	
Assets: liabilities	1.25
Current ratio	
Current assets: current liabilities	0.97
Quick ratio	
Cash and cash equivalents plus short-term investments plus accounts receivable: current liabilities	0.80
Cash ratio	
Cash and cash equivalents plus short-term investments: current liabilities	0.51

[3] Assets, previously referred to as non-expendable property, which are above the threshold limit of capitalization as stipulated in the accounting policy framed unde. IPSAS, are now included as part of "property, plant and equipment" in the financial statements.

9. Upon enquiry, the Committee was informed by the Board that an acceptable assets-to-liabilities ratio for an organization depended on various factors, including the nature of the business operations and the scale of the entity, and that there was no universally applicable ideal ratio. In the Board's view, the additional information generated by IPSAS-compliant financial statements and ratio analysis permitted greater insight and analysis with respect to financial position, including assets and liabilities (see also para. 14 below). The Board concludes that, given the nature of peacekeeping operations, which cannot be equated with commercial operations carried out by business entities, the assets-to-liabilities ratio of 0.80 (after excluding the property, plant and equipment and inventory of $1.74 billion from total assets) does not raise any concern.

D. Specific issues among the main observations and recommendations of the Board of Auditors

1. Implementation of the International Public Sector Accounting Standards

10. The Board's observations and recommendations on the first-time implementation of IPSAS in the peacekeeping operations are contained in paragraphs 14-26 of chapter II of its report. The Board affirms the successful implementation of IPSAS in the peacekeeping operations and commends the efforts of the Administration in that regard, while noting the challenges faced in making this transformational change. The Board also highlights the IPSAS transitional provisions[4] applied by the Administration, which are specified in note 2 to the financial statements.

11. The Board recounts the many challenges faced by the Administration in arriving at this milestone, including deficiencies in the maintenance of accounts and financial management at the missions and the Regional Service Centre in Entebbe, Uganda, the need for the revision of the accounting policy disclosures and the requirement to rectify the misclassification of asset classes. In that connection, the Board notes that the financial statements for the year ended 30 June 2014, submitted to the Board on 30 September 2014, contained significant errors that were detected during the course of the Board's audit. The Board notes that, subsequent to its observations made in regard to the errors in the financial statements, the Administration submitted revised financial statements, on 3 November 2014. The Board indicates that, on the basis of the verification of the revised financial statements, it is of the opinion that they are IPSAS-compliant and present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2014 and their financial performance and cash flows for the year then ended (ibid., chap. II, paras. 16, 17 and 22).

12. The Board indicates that the Administration stated that the concurrent roll-out of IPSAS and Umoja during the 2014 financial year had presented several challenges that made the preparation of the IPSAS-compliant financial statements unusually complex. The Board also indicates that, in submitting the financial statements by the statutory deadline of 30 September, the Administration was guided by its confidence that the financial statements were free of material misstatements and also that they might need some revisions during the audit based on the Board's review of the

[4] Permitted upon the first-time adoption of IPSAS.

practical application of the IPSAS policy framework (ibid., chap. II, para. 18). In paragraphs 19 and 20 of chapter II of its report, the Board highlights the need for additional information to be included by the Administration in the financial statements, including appropriate disclosures in the notes to the financial statements and expenditure figures by budget line items to enhance the transparency and utility of the financial statements for all stakeholders. In that connection, the Board notes that the Administration, while agreeing to implement the Board's recommendation in the context of the financial statements for 2014/15, indicated that it would consider the appropriate level of disclosure for expenditures and that the relevant information, by budget line item, was made available through the budget performance report. **The Advisory Committee looks forward to receiving updated information in that regard in the context of the Board's next report on peacekeeping operations.**

13. The Advisory Committee notes that the Board of Auditors, in its progress reports on the implementation of IPSAS, has continuously provided its assessment of various entities of the United Nations system, including peacekeeping operations, with respect to their level of preparedness for the implementation of IPSAS. In particular, the Committee notes the Board's involvement in completing the audit of the opening balances of individual peacekeeping missions in April 2014 and in providing assurance with respect to their material completeness and accuracy, while also pointing out a number of important technical issues that needed to be addressed ahead of the audit of dry run financial statements (see A/69/155, para. 36). In that regard, the Committee recalls the positive outcome of the engagement between the IPSAS project team and the Board of Auditors in developing a methodology for the valuation of non-financial inventory in peacekeeping operations (see A/69/414, paras. 9 and 10). **The Advisory Committee reiterates that it commends the Board of Auditors for the important role it has played in guiding the implementation of IPSAS in the United Nations through its observations and recommendations, as well as its engagement with the project team on specific issues of concern. The Committee trusts that this engagement will continue into the post-implementation stages of IPSAS (see A/69/414, para. 33).**

14. With regard to a related issue, the Advisory Committee notes that in table IV.1 of the Board's report, an amount of $13.9 million is shown as unpaid assessments of closed peacekeeping missions for the financial period ended 30 June 2014. For the same financial period, in the Secretary-General's report on the updated financial position of closed peacekeeping missions, such unpaid assessments were shown as amounting to $414,151,000 (see A/69/659, annex I). Upon enquiry, the Committee was informed that the IPSAS-based financial statements for the period ended 30 June 2014 reflected the amount of $13.9 million as unpaid assessments of closed peacekeeping missions, and that that amount was net of allowances for doubtful debts pertaining to four peacekeeping missions.[5] The Committee was also informed that the information contained in the Secretary-General's most recent report on closed peacekeeping missions was based on the United Nations system accounting standards and, therefore, the amount of $414.2 million in unpaid assessments reflected in the report did not incorporate such provisions for doubtful debts. **The Advisory Committee notes the difference in the presentation of the amounts of unpaid assessments of closed peacekeeping missions in the two reports due to the**

[5] The United Nations Mission in the Central African Republic and Chad, the United Nations Mission in the Sudan, the United Nations Integrated Mission in Timor-Leste and the United Nations Supervision Mission in the Syrian Arab Republic.

difference between the United Nations system accounting standards and IPSAS in respect of the specific provision related to allowances for doubtful debts.

2. Budget formulation and management

15. The Board's observations and recommendations on budget formulation and management are contained in paragraphs 27-54 of chapter II of its report. The Board acknowledges the steps taken by the Administration to improve budget formulation and management through the issuance of overall guidance and mechanisms such as the joint review of budgets by the Department of Peacekeeping Operations, the Department of Field Support and the Office of Programme Planning, Budget and Accounts and the budget steering and substeering committees. Nevertheless, the Board continues to note unrealistic assumptions and inconsistent projections underlying budget formulation, leading to large variances between budgetary appropriations and expenditure that undermine the utility of the budget as an instrument of financial control and the monitoring of expenditure. The Board also observes laxity in control in making redeployments among and within different classes of expenditure that were carried out as a matter of routine (see A/69/5 (Vol. II), chap. II, paras. 27 and 35).

16. The Advisory Committee requested information regarding instances in which, subsequent to redeployments, unspent balances remained at the end of the relevant financial period. The Board cited several such instances, including in the United Nations Interim Force in Lebanon, where $2.29 million had been redeployed under air transportation and $2.43 million remained unspent, after the unliquidated obligations had been accounted for; in the African Union-United Nations Hybrid Operation in Darfur (UNAMID), where $2.97 million had been redeployed under information and communications technology (ICT) and $5.01 million remained unspent; and in the United Nations Interim Security Force for Abyei (UNISFA), where $2.42 million had been redeployed under ICT and $1.49 million remained unspent. The Board also noted its intention to pursue this matter in greater detail during the next audit cycle.

17. The Advisory Committee observes that for the past four financial periods, the Board has repeatedly observed that the peacekeeping budgets formulated by the Administration were based on unrealistic assumptions and lacked full analysis of relevant historical trends[6] (see also para. 45 below). The Committee notes that the matter of redeployments among different groups and classes of expenditures has also been a recurrent theme in recent reports of the Board concerning peacekeeping operations.[7] The volatility of the operational environment faced by the peacekeeping missions has been cited by the Board as the reason provided by the Administration for justifying the forecasts of financial information and the redeployments made.[8]

18. The Advisory Committee recognizes that the dynamic operational environment imparts an element of unpredictability in projecting the operational needs of the peacekeeping operations. **Nevertheless, the Advisory Committee concurs with the Board's recommendations that the Administration review the methodology adopted to ensure more realistic budgetary projections, that mission chiefs**

[6] See A/66/5 (Vol. II), chap. II, paras. 30-44; A/67/5 (Vol. II), chap. II, paras. 95-130; and A/68/5 (Vol. II), chap. II, paras. 64-68.

[7] See A/66/5 (Vol. II), chap. II, paras. 45-49; and A/68/5 (Vol. II), chap. II, paras. 79-86.

[8] See A/66/5 (Vol. II), chap. II, para. 33; and A/68/5 (Vol. II), chap. II, para. 83.

exercise greater vigilance and control over budget variations and that redeployments be permitted only with full justification (see A/69/5 (Vol. II), chap. II, paras. 39 and 54). The Committee will comment further on the management of budgets in the peacekeeping operations in its forthcoming report on cross-cutting issues.

3. Travel management

19. At the request of the Advisory Committee, the Board examined the expenditure incurred for official travel financed from peacekeeping budgets; it indicates in its report that that exercise will continue in the coming years. Based on its review of the management of travel in peacekeeping operations during the 2013/14 financial period, the Board's initial observations and recommendations are included in paragraphs 55-82 of chapter II of its report. Overall, the Board notes increased expenditure on official travel, from $51.05 million in 2012/13 to $65.55 million in 2013/14. The Board also notes that the actual expenditure on official travel for the United Nations Support Office for the African Union Mission in Somalia (UNSOA) and the peacekeeping operations (including the support account and UNLB) for the financial period 2013/14 exceeded the approved budget by 25 per cent. In particular, the Board observes overexpenditure on official travel of more than 20 per cent compared with the respective budgeted amounts in five peacekeeping missions (the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), the United Nations Operation in Côte d'Ivoire (UNOCI), UNAMID and UNDOF) and UNSOA.

20. The Board also points out considerable scope for improvement in terms of adherence to the advance purchase policy with regard to tickets for official travel. The Advisory Committee recalls that the General Assembly, in its resolution 67/254 A, recognized the efforts made by the Secretary-General in initiating the 16-day advanced booking of tickets and requested the Secretary-General to make every effort to reduce short-notice travel and to ensure that trips were booked as much in advance of the travel date as possible, and also requested him to ensure that all managers in charge of air travel administration, including those in the peacekeeping missions, were informed of and complied with such provision. The Board notes widespread non-compliance with this policy in relation to tickets purchased at Headquarters, the Regional Service Centre and several field missions. For example, the Board's review revealed that in the second quarter of 2014, the Department of Field Support and four peacekeeping missions (UNDOF, UNOCI, UNAMID and UNISFA) had recorded non-compliance rates of more than 70 per cent. The Board states that the broad application of this policy could result in the lowering of related expenditures, while recognizing that in instances of urgent and exigent requirements, it may not be practically possible to adhere to the policy. The Board points to the need for stricter monitoring and enforcement of the administrative instructions in that regard. **The Advisory Committee is concerned at the widespread non-compliance with the policy of advance booking of tickets, and concurs with the Board's recommendation that the Administration take effective steps to enforce and monitor compliance with that policy by staff and missions (see A/69/5 (Vol. II), chap. II, para. 64).** The Committee discussed various aspects of official travel in detail in its report on the standards of accommodation for air travel (A/69/787). In that context, the Committee recalls in particular having

requested in future reports of the Secretary-General, inter alia, comprehensive information on the volume, frequency, purpose and class of air travel (first/business/economy), the number of trips undertaken by department/office/mission, actual and planned costs, compliance with approved travel rules, such as advance purchase and authorized class of air travel, as well as information on individual travel requests, travel plans and travel expenses, such as date of booking, travel dates, itinerary and number of travel days, category of personnel, and the nature of the business being conducted (ibid., para. 32).

21. The Advisory Committee also recalls that the General Assembly looks forward to the successful roll-out of Umoja for air travel business administration of the United Nations and requests the Secretary-General to submit to it, in the context of the next report on this question, comprehensive information on the effects of the implementation of Umoja in travel administration, including updated information, trends and analysis in all areas relating to air travel in the United Nations (see resolution 69/274, sect. IV, para. 14).

4. Asset management

22. The Board's observations and recommendations on asset management are contained in paragraphs 83-109 of chapter II of its report. The Board observes specific weaknesses in asset management, including delays in the writing-off of property, plant and equipment and in the disposal of written-off assets, ageing stock and assets not located during physical verification.

23. Upon its review of ageing stock, the Board notes a large proportion of assets lying unutilized for prolonged periods exceeding six months, some of which have surpassed their life expectancy, in the United Nations Stabilization Mission in Haiti (MINUSTAH), the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), UNISFA and the United Nations Mission in South Sudan (UNMISS). The Board indicates that in those missions, the total value of 7,647 items that have not been used for periods exceeding six months since their receipt in stock is $55.23 million. The Board notes the reasons provided by the peacekeeping missions for the retention of items in stock, including downsizing and the reassignment of staff, security enhancements, troop arrivals and deployments, and the holding of assets for ongoing projects. However, the Board concludes that more efficient planning and better utilization of acquired assets can reduce the number of such items (see A/69/5 (Vol. II), chap. II, paras. 94-96).

24. **The Advisory Committee shares the view of the Board and stresses that missions should strengthen their asset management procedures and closely monitor the level of ageing stock and its judicious deployment and redistribution (ibid., chap. II, para. 97).**

25. The Board also indicates that a large number of items, valued at $3.17 million, could not be located during the physical verification of assets at MINUSTAH, MONUSCO, UNMISS and MINUSMA. The Board notes that in response to that observation, the Administration indicated that it had issued a reminder to the missions to step up the process of physical verification and to review and reconcile discrepancies in the records, and was continuing with efforts to locate items not yet found (ibid., chap. II, paras. 99-102).

26. **The Advisory Committee notes that the matters of ageing stock and inability to locate assets during physical count, among others, have been cited repeatedly by the Board in the past.[9] The Committee reiterates its concern at the continued shortcomings highlighted by the Board of Auditors in the area of asset management (see A/66/719, paras. 19-21). Nevertheless, as stated repeatedly in the reports of the Secretary-General, the Committee trusts that the deployment of IPSAS and Umoja is expected to enable improved management and oversight of assets, particularly in peacekeeping missions, where such assets are of material value and widely dispersed in challenging operational environments (see also para. 45 below).**

5. Procurement and contracting

27. The Board's observations and recommendations on procurement and contracting are contained in paragraphs 110-150 of chapter II of its report. In the Board's view, inefficiencies and deficiencies in the management of procurement and contracting processes have led to avoidable costs, and also have the potential to undermine the ability of the missions to meet their operational requirements. The Board examines several aspects of procurement and contracting, including the timeline of the acquisition process, the impact of delays in the award of contracts, compliance with specific provisions of the United Nations Procurement Manual, recommendations of the local committee on contracts and the Headquarters Committee on Contracts, and discounts gained by peacekeeping missions as a result of the prompt payment of invoice amounts.

28. The Board indicates that it reviewed five contracts for the chartering of aircraft finalized by Headquarters, and noticed that the terms of two had been extended beyond the maximum tenure period owing to delays in the completion of actions to award the new contracts. The Board observes that avoiding those delays would have saved the Organization from incurring expenditures of $2.85 million and $0.61 million, respectively. The Board notes that it was informed by the Administration that late submission by the Department of Field Support of the specific air charter requirements in those cases, along with technical specifications, had led to the delays in initiating the solicitation processes for the new contracts, which had necessitated the extension of the existing contracts at a higher price compared with the costs eventually obtained under the new contracts (see A/69/5 (Vol. II), chap. II, paras. 116-121).

29. Upon enquiry, the Advisory Committee was informed by the representatives of the Secretary-General that the Department of Field Support, in its attempt to implement the recommendations issued earlier by the Office of Internal Oversight Services in this regard, had coordinated with the field missions to ensure that the specifications and documentation of the replacement requirements for the air charter services were sufficiently generic and reflected past patterns of utilization. It was also indicated that this coordination had necessitated several iterations between Headquarters and the missions, resulting in the delays in the two instances reported by the Board. The Committee requested, but was not provided with, specific information regarding the identification of the individuals accountable for those delays. **The Advisory Committee regrets that the delay in the solicitation processes for the replacement contracts for the chartering of aircraft led to**

[9] See A/66/5 (Vol. II), chap. II, paras. 60-93; and A/68/5 (Vol. II), chap. II, paras. 20-23.

avoidable expenditures of over $3.4 million. The Committee expects that all efforts will be made to prevent the recurrence of such delays in the renewal or rebidding of air charter contracts for peacekeeping operations that might cause material loss to the Organization. The Committee also expects that greater efforts will be made to ensure that should there be a recurrence of such instances, a comprehensive explanation, including an identification of accountability for losses, will be provided to the General Assembly. The Committee discussed this matter in its fourth progress report on the accountability system in the United Nations Secretariat (see A/69/802, paras. 21 and 22).

30. In paragraphs 140-149 of chapter II of its report, the Board indicates that, subsequent to the issuance of recommendations by either the Headquarters Committee on Contracts or the local committee on contracts, there were instances of contracting actions undertaken by the Administration that were not in full agreement with those recommendations. The Board notes a specific instance in which the local committee on contracts expressed reservations with respect to the extension of the lease agreement on a guest house in Khartoum by UNAMID. In this case, the lease was subsequently extended. In its response to the Board, the Administration stated that it was not within the purview of the local committee on contracts to question the necessity of the requirement.

31. The Board, at the request of the Advisory Committee, further articulated its view regarding the role of the Headquarters Committee on Contracts and the local committees on contracts, indicating that it agreed that the role of the committees on contracts was advisory and the responsibility for procurement actions lay with the Administration. However, the Board indicated that in its view, procurement actions were expected to be informed by the advice and recommendations of the committees on contracts.

32. **The Advisory Committee shares the Board's view that the Headquarters Committee on Contracts and the local committees on contracts provide important external scrutiny of procurement actions to promote transparency, accountability and adherence to the established regulations and rules. The Committee is therefore of the view that the recommendations of the Headquarters Committee on Contracts and the local committees on contracts should be accorded due importance by the Administration while undertaking procurement actions (see A/69/5 (Vol. II), chap. II, para. 148).**

33. The Advisory Committee notes that the Board has repeatedly made observations over the past several years with regard to specific weaknesses in procurement and contract management. The Committee recalls that those weaknesses include inadequate vendor management,[10] ex post facto approval of contract awards[11] and inefficient acquisition planning.[12] **The Advisory Committee is of the view that the recurrence of the Board's observations on these matters indicates that procurement and contract management in the peacekeeping operations continue to be persistent matters of concern. The Committee recalls that it has expressed concern in that regard and concurred with the Board's**

[10] See A/64/5 (Vol. II), chap. II, paras. 121-124; A/66/5 (Vol. II), chap. II, paras. 106-110; A/67/5 (Vol. II), chap. II, paras. 87-94; and A/68/5 (Vol. II), chap. II, paras. 41-44.

[11] See A/64/5 (Vol. II), chap. II, paras. 109-112; A/66/5 (Vol. II), chap. II, paras. 111-114; and A/67/5 (Vol. II), chap. II, paras. 82-86.

[12] See A/64/5 (Vol. II), chap. II, paras. 82-86; and A/68/5 (Vol. II), chap. II, paras. 32-37.

recommendations on measures to address specific weaknesses in those areas (see A/66/719, para. 22, and A/68/843, para. 9; see also para. 45 below).

6. Regional Procurement Office

34. The Board's observations and recommendations on the Regional Procurement Office in Entebbe are contained in paragraphs 151-162 of chapter II of its report. The Board notes that the Office is expected to streamline the acquisition process, provide technical assistance to the missions, provide standby procurement capability for mission start-up in the region, and serve as a procurement training hub for the region. The Board observes several weaknesses in this area, specifically in the process of the finalization of the joint acquisition plan, such as the fact that essential information was missing from the plan and the lack of annual mission-specific plans.

35. The Board, noting the continued underutilization of regional systems contracts, recommends, inter alia, concerted action to improve the rates of utilization of such contracts by missions. However, the Secretary-General, in his related report on the implementation of the Board's recommendations, requested the closure of that recommendation, stating that the Procurement Division, in consultation with senior management in both the field missions and the Department of Field Support at Headquarters, continued to support efforts to increase utilization rates for the regional systems contracts by reducing the procurement lead times, promoting closer communication with missions and reducing delivery time (see A/69/781, paras. 61 and 62). **The Advisory Committee concurs with the Board's recommendation that the Procurement Division take concerted action to improve the rates of the utilization of regional systems contracts by missions. The Committee looks forward to the Board's assessment of that matter in the context of its next report on the audit of the peacekeeping operations.** The Committee provided its comments and recommendations on the role of the Regional Procurement Office in its report on United Nations procurement activities (see A/69/809, paras. 29-34).

7. Air transportation

36. The Board's observations and recommendations on air transportation are contained in paragraphs 174-195 of chapter II of its report. Among the deficiencies noted by the Board are: a further increase in the unutilized flight hours budgeted across the missions, from 13 per cent in 2012/13 to 20 per cent in 2013/14 (major instances of underutilization were found in UNISFA, UNAMID and UNMISS); a mismatch between the flight hours available to missions and those actually required (MINUSTAH, MONUSCO and UNISFA); unutilized air payload and passenger capacity (MINUSMA, MONUSCO and UNISFA); wide variations in the cost of flights per hour for the same kind of aircraft (UNAMID, UNMISS and UNISFA); and inadequate performance with respect to the tasking, planning and coordination of strategic air operations. Upon enquiry, the Advisory Committee was informed by the Board that the Administration determined the number of air assets and flight hours on the basis of the operational requirements of the field missions and Headquarters, and that these in turn were used in making financial projections underlying the budget. The Committee notes the observations of the Board regarding the management of air operations, and, given its significance throughout

the peacekeeping operations, will make detailed observations and recommendations on that subject in its forthcoming report on cross-cutting issues.

Strategic Air Operations Centre

37. The Board notes that the Strategic Air Operations Centre is an important part of the Global Service Centre in Brindisi that was established to ensure fleet optimization; it carries out the global tracking of all strategic, out-of-mission-area and inter-mission air movements for United Nations aircraft on long-term charter assigned to field missions. The Board also notes that the Strategic Planning and Coordination Unit of the Centre is responsible for exploring possibilities for economies and efficiencies in strategic air operations tasking, planning and coordination without undermining safety and operational requirements. The Board indicates that the main responsibilities assigned to the Unit are task assessment and pre-flight analysis for all strategic/out-of-mission-area flights. The Board also notes that after the completion of every strategic flight, the Unit is required to perform a post-flight analysis that can be used as a basis for monthly reports to the Chief of the Centre. In this respect, the Board notes that of the 137 strategic flight requests to the Centre during the period from July 2013 to June 2014: (a) task analysis was carried out in respect of only 21; and (b) post-flight analysis was not carried out with respect to any of the strategic flights.

38. The Board also notes that one of the important functions of the Strategic Air Operations Centre is to utilize operational data and recommend appropriate courses of action to maximize the utilization of United Nations air assets and thus reduce the costs of operations. However, the Board observes that an analysis of data relating to the average costs of flights per hour with respect to aircraft of MINUSMA, UNAMID, UNISFA and UNMISS revealed wide variations for the same kinds of aircraft. The Board also found that the average cost per hour in respect of the same aircraft operated by different carriers for the same mission showed large differences. For example, the average cost of flights per hour in respect of an MI-8 helicopter at MINUSMA was $3,083 for one carrier, while it was $5,444 for another. The detailed findings of the Board with respect to the cost of flight operations are contained in paragraphs 190-195 of chapter II of the Board's report.

39. **The Advisory Committee concurs with the Board's recommendations: (a) that it ensure strict adherence to the time frames for sending requests so as to enable the planning of efficient and cost-effective flight options; (b) that it ensure that a post-flight analysis checklist is provided to the Strategic Air Operations Centre for better future tasking; and (c) that the Strategic Air Operations Centre undertake a thorough cost analysis of United Nations fleet operations to identify areas where efficiencies can be achieved.** The Committee will provide further comments and recommendations on the Strategic Air Operations Centre in its forthcoming reports on the implementation of the global field support strategy and on the budget for UNLB for the period from 1 July 2015 to 30 June 2016.

E. Implementation of the recommendations of the Board of Auditors

40. The Board notes, in table II.1 and paragraph 10 of chapter II of its report, that of the 49 recommendations issued for the financial period 2012/13, a total of 25

(51 per cent) were fully implemented, 17 (35 per cent) were partially implemented and 7 (14 per cent) were overtaken by events in the period under review. The Board also indicates that the implementation rate reflects an increase of 8 per cent for fully implemented recommendations compared with the immediately preceding year (2011/12), in which the corresponding rate was 43 per cent.

41. In table 2 and paragraph 7 of his report on the implementation of the recommendations of the Board (A/69/781), the Secretary-General indicated that of the 63 recommendations issued by the Board, 2 had not been accepted, 17 either had been implemented or had been the subject of a request for closure, and 44 were in progress. He also indicated that of the 44 recommendations still in progress, 36 were targeted for implementation before the end of 2015 and 2 were due for implementation in 2016, and that no target dates had been set for the remaining 6, as they pertained to ongoing activities.

42. At the time of its consideration of the Board's report and the related report of the Secretary-General, the Advisory Committee requested further details regarding the 17 recommendations that either had been implemented or had been the subject of a request by the Secretary-General for closure. The Committee was informed by the representatives of the Secretary-General of the specific actions taken with regard to those recommendations. The Committee was also informed that, on the basis of the actions taken, it was understood that the recommendations had been addressed. **The Advisory Committee awaits the Board's assessment of the actions taken by the Secretary-General in respect of those recommendations in its next report on the audit of the peacekeeping operations.**[13]

43. **The Advisory Committee is of the view that the comments and information provided by the Secretary-General in his report on the status of implementation of the Board's recommendations do not always provide sufficient detail to convey how the actions taken or intended to be taken by the Administration will address the Board's recommendations. The Committee therefore reiterates that the General Assembly should request the Secretary-General to provide additional explanatory detail on action taken to implement the recommendations of the Board of Auditors and, where applicable, factors preventing their full implementation (see A/67/381, para. 18).**

44. In this connection, the Advisory Committee also notes that it has been the practice in the past to include in the budget submissions of peacekeeping missions a summary of follow-up action taken to implement the requests and recommendations of the Board of Auditors, along with those of the Advisory Committee, endorsed by the General Assembly pertaining to the prior financial period (see, for example, sect. V of A/66/673, A/66/681, A/67/700, A/67/719 and A/67/731). However, the Committee notes that in many of the budget submissions of the peacekeeping missions for the past two financial periods, such summaries have not included the follow-up actions taken to implement the requests and recommendations of the Board. Upon enquiry, the Committee was informed that in respect of the Board, the relevant details were provided to the Committee as part of the supplementary information. **The Advisory Committee considers that information relating to the Board's recommendations concerning the peacekeeping missions provides significant insight into the use of financial and human resources. The Committee**

[13] In accordance with General Assembly resolution 48/216 B, the Board of Auditors follows up on its recommendations issued in the prior financial period and reports thereon to the Assembly.

therefore recommends that the General Assembly request the Secretary-General to reinsert information into the future budget submissions of the peacekeeping missions indicating follow-up actions taken to implement the requests and recommendations of the Board pertaining to the prior financial period.

Recurring recommendations of the Board of Auditors

45. The Advisory Committee notes that the Board, in its reports on the past several financial periods, has repeatedly drawn attention to weaknesses and other matters of concern relating to, inter alia, budget formulation, non-expendable property, procurement and contracting, and air operations, and that the recurrence of the recommendations made in those areas raises the issue of systemic problems in the management of peacekeeping operations. Upon enquiry, the Committee was informed by the Secretary-General that, with regard to the areas covered repeatedly by the Board, the recommendations were not the same year after year, as the Board reviewed different aspects of the same areas. **The Advisory Committee notes that the recurring recommendations of the Board in certain areas of the management of peacekeeping operations may either indicate the persistence of the same problems year after year or highlight a broader area of concern (see paras. 17, 26 and 33 above). Notwithstanding the formulation of the Board's recommendations in specific areas of management, which may vary from year to year on the basis of its review of particular aspects of those areas, the Committee believes that they point to the need to reinforce internal control measures, enhance monitoring mechanisms and ensure stricter compliance with established rules and procedures. The Committee trusts that the Secretary-General will step up his efforts to strengthen the internal control framework in peacekeeping operations.**